

# Board of Ethics



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## ANNUAL REPORT 1999-2000

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City of Chicago  
Richard M. Daley, Mayor

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Dorothy J. Eng, Executive Director  
Board of Ethics



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# Board Members

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DARRYL L. DePRIEST

**Chair**

General Counsel, American Bar Association

Appointed 1990

ANGELES L. EAMES

**Vice Chair**

President, EquiPoise, Inc.

Appointed 1987

MARK E. CHRISTENSEN

Partner, Christensen and Ehret

Appointed 1999

EILEEN CORCORAN

Senior Manager, Ernst & Young (Retired)

Appointed 1996

MARTIN E. O'DONOVAN

Pastor, St. Christina Church

Appointed 1991

MICHAEL F. QUIRK

President, De La Salle Institute

Appointed 1996

JOSEPH E. SAMSON

Director, Ernst & Young

Appointed 1998

City of Chicago Board of Ethics

740 N. Sedgwick, Suite 500

Chicago, IL 60610

312-744-9660

email: [feedback@ci.chi.il.us](mailto:feedback@ci.chi.il.us)

web address: [www.ci.chi.il.us/Ethics](http://www.ci.chi.il.us/Ethics)

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# Board of Ethics Staff

1999-2000

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Dorothy J. Eng  
Executive Director

Steven I. Berlin and Michael Haggerty  
Deputy Directors

Ellen M.W. Sewell  
Legal Counsel

Kenneth Kopicki, John H. Mathews and Mary McDermott  
Attorney/Investigators

Carolyn Bowens  
Administrative Services Officer

Precious H. Brown  
Word Processing Operator/Receptionist

Sally C. O'Brien  
Staff Assistant

George Polk  
Administrative Assistant

Paully Sepúlveda  
Executive Secretary

Jennifer G. Jesse, Erik C. Owens and Jamie Schillinger  
Research Analysts

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# Chair's Report

## Section I

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The reporting year just passed was again one of change for Chicago's Board of Ethics. The City Council adopted significant amendments to provisions of the Governmental Ethics Ordinance governing lobbying activity, effective June 7, 2000. Among other things, the amendments impose, for the first time, penalties on both unregistered lobbyists and those who hire or retain them, and provide that the City may void contracts negotiated, entered into, or performed with persons who have retained individuals who have failed to register as lobbyists as required. The Board completely revised the disclosure forms filed by nearly 200 registered lobbyists and used these forms for the lobbyist reporting period that ended on June 30, 2000. At the July 20, 2000 lobbyist reporting deadline, the number of lobbyists registered had increased by 47%. These modifications are described in more depth in the body of this Report.

As part of its ongoing goal of making available more useful information to City employees, officials and the public, the Board continues to expand its Website and the number of publications available in "hard copy." This past year, a monthly question-and-answer feature was added to the Board's Internet page, and two new pocket-sized brochures were published and made widely available. Our agency's "information distribution" challenges for the coming year are to add search engines to the electronic list of registered lobbyists and their clients, to make changes to that information available immediately, and to add case summaries and or texts to the Website, also with a search engine. These enhancements will make Chicago's Board of Ethics among the governmental ethics agencies employing information technology for maximum effect.

I again want to acknowledge the hard work of the Board's members and staff, named in this Report, who are the backbone and muscle of the agency. I am proud that all persons seeking information or guidance from our office are given prompt and professional "customer service." The Board of Ethics is, ultimately, a service-oriented agency, and it is my pledge that we are committed to provide, and exceed, the level of service that our "customers"—be they City employees, officials or members of the general public—should expect.

I am honored to present this Fourteenth Annual Report of the City of Chicago Board of Ethics.

Respectfully submitted,

Darryl L. DePriest, Chair

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# The Board of Ethics: an Overview

## Section II

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The City Council established the Board of Ethics in 1987 to administer and enforce the City's Governmental and Campaign Financing Ordinances and to conduct the educational and regulatory programs mandated by these laws. The Board's mission is to enhance public confidence in the integrity of City government. The Board strives to achieve this goal by educating persons subject to these Ordinances and the public about the standards of conduct imposed by these laws, by giving guidance about these standards to those who request it, by regulating the conduct of persons—including City employees and officials, lobbyists, and certain contractors and campaign contributors—who are subject to these Ordinances, and by investigating complaints that allege violations of these Ordinances.

The Board's members are appointed by the Mayor and confirmed by City Council. They meet each month and serve without pay. The Board also employs a staff of twelve employees. Its Executive Director is also appointed by the Mayor and subject to the approval of City Council.

The Board's appropriated budget for fiscal year 2000 was \$653,355.

### **The Board has four major responsibilities and program areas:**

- ☞ **EDUCATING** City employees and officials, persons who have or seek City contracts, persons who lobby City government, and the public, about the standards of conduct contained in the City's Governmental Ethics and Campaign Financing Ordinances. The total amount budgeted for this program area in fiscal year 2000 was \$114,981.
- ☞ **ADVISING AND GUIDING** persons on the standards of conduct contained in the Governmental Ethics and Campaign Financing Ordinances. The total amount budgeted for this program area in fiscal year 2000 was \$99,525.
- ☞ **REGULATING AND ENFORCING STANDARDS OF CONDUCT** by:
  - distributing, collecting and reviewing Statements of Financial Interests filed each year by City employees and officials;
  - collecting and reviewing certain conflict of interest disclosure notices made by aldermen;
  - publishing, distributing and reviewing disclosures made by married employees of executive departments under Mayoral Executive Order 97-1;
  - monitoring contributions made to elected City officials and candidates for elected City office to ensure that contributors comply with the limitations imposed by the Campaign Financing Ordinance;

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# The Board of Ethics: an Overview

## Section II

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- distributing, collecting and reviewing registration statements and activity reports filed by certain persons who lobby City government; and
- receiving and investigating complaints of alleged violations of the Ordinances in accordance with legally mandated procedures and standards, and recommending or taking appropriate corrective action and/or sanctions.

The total amount budgeted for this program area in fiscal year 2000 was \$210,655.

☞ **MAINTAINING AND MAKING AVAILABLE FOR PUBLIC INSPECTION**, in accordance with City and state law, Statements of Financial Interests, aldermanic disclosures, and information filed by registered lobbyists. The total amount budgeted for this program area in fiscal year 2000 was \$85,975.

(Note: \$142,219 was appropriated for agency management for fiscal year 2000.)

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# The Reporting Year in Review

## Section III

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### A. Amendments to The Governmental Ethics Ordinance

During the 1999-2000 reporting year, the City Council adopted amendments to the Governmental Ethics Ordinance. The amendments pertain to the activity and registration of persons who lobby City government and those who hire or retain them. Summaries of these amendments follow.

**Definition of "lobbyist"** Under these amendments—which became effective June 7, 2000—the definition of "lobbyist" was clarified specifically to include, among other things, persons who, regardless of their title (including attorneys, consultants or accountants), on behalf of another or while acting as another's employee, undertake to influence any votes or decisions of government officials on legislative or administrative actions, including, for example:

- bond inducement ordinances
- zoning matters
- concession agreements
- class 6(b) property tax classifications
- introduction, passage or other actions with respect to matters before City Council
- preparation of contract specifications
- solicitation, award or administration of contracts
- awards or administration of grants or loans
- any other determination made by City personnel with respect to procuring goods, services or construction

However, the revised law now exempts from the definition of a "lobbyist" someone who, on an unpaid basis, seeks to influence legislative or administrative action on behalf of entities that are not engaged in profit-seeking enterprises, and employees, officers or directors of non-profit entities who seek to influence such actions on behalf of these entities. **See § 2-156-010(p).**

**Persons Required to Register** Each lobbyist is required to register with the Board annually, as well as file with it semi-annual reports of lobbying activity. Under the law before its amendment, only those lobbyists whose lobbying-related compensation or expenditures totaled \$1,000 or more in the preceding year were required to register and report. **See § 2-156-220.**

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# The Reporting Year in Review

## Section III

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- Penalties** Additionally, the amendments expand the penalties related to lobbying activity. Fines were added for those who retain or employ lobbyists who have failed to register as required by the law, as well as on those unregistered lobbyists themselves. Under the amended law, persons whom the Board of Ethics has determined have failed to register as lobbyists as required by law are subject to a \$500 fine, plus additional fines of \$500 per day if they fail to register within the time allotted by law after the Board's determination. Further, persons who retain or employ lobbyists who have failed to register with the Board of Ethics as required, as well as these lobbyists themselves, are subject to fines of \$2,000 for each day that the non-registered lobbyists lobby the City on behalf of the person(s) who have retained or employed them. The Board continues to receive, and, where appropriate, investigate complaints, make determinations and impose fines related to these new provisions. **See §§ 2-156-245; -305.**
- Voidability of Contracts** Any contracts negotiated, entered into, or performed in violation of the Governmental Ethics Ordinance, including any contract entered into with any person who has, for the purpose of negotiating, soliciting or otherwise seeking a contract, retained or employed a lobbyist who has failed to register as required, shall be voidable as to the City. **See § 2-156-430.**
- City Employees: Duty to Report** Finally, the amended law now provides that City department heads and employees they designate as having policy-making authority must report to the Board of Ethics any person they believe has lobbied when they have knowledge that the person is not registered as a lobbyist with the Board as required by law. **See § 2-156-308.**



**NOTE:** Complete and current texts of the Governmental Ethics and Campaign Financing Ordinances are always available from the Board and on the Internet. The Board's Internet address is:

<http://www.ci.chi.il.us/Ethics/>

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# The Reporting Year in Review

## Section III

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### B. Mayoral Executive Order 97-1

In addition to the standards of conduct imposed by the Governmental Ethics Ordinance, Mayoral Executive Order 97-1, effective December 1, 1997, imposes restrictions on employees of the Mayor's Office, the Mayor's security detail, City department heads, and employees of all executive departments. It also requires City employees to disclose in writing to the Board of Ethics each year the ownership interest of their spouses in entities that contract with persons doing City business.

In this past reporting year, the Board published the disclosure form (both in "hard copy" and on the Internet), coordinated its distribution to the approximately 23,000 married City employees in executive departments, collected the returned forms, and referred to the Law Department twenty (20) forms requiring further review.

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# The Reporting Year in Review

## Section III

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### C. Education

Educating City employees, officials and the public about the City's Code of Conduct (Article 1 of the Governmental Ethics Ordinance) and the other requirements in the Governmental Ethics and Campaign Financing Ordinances is an important part of the Board's work. The Board's training program includes a variety of training classes and publications.

#### Mandatory Ethics Training

The Governmental Ethics Ordinance requires all aldermen, aldermanic staff, City Council Committee staff and senior executive service employees of the City to attend ethics training every four years. Those who fail to attend by the prescribed date are subject to a \$500 fine. Individuals who subsequently enter City service in those positions must attend ethics training within 120 days of becoming a member of one of these categories, and then again every four years. To fulfill its legal obligations, the Board identifies persons required to attend, notifies them of their requirement, schedules them for classes, and confirms their attendance or non-attendance in writing. During the past reporting year, the Board offered two classes per month for these individuals. The Board also offers other training opportunities for City employees and departments, and will conduct customized classes for departments or bureaus that so request. The Board and its staff are available to consult with City departments on any matter. This past reporting year, training opportunities offered by the Board included:

- ✎ twenty-eight (28) classes held for those required to attend ethics training, attended by over 500 City employees and officials;
- ✎ four (4) customized classes covering the Governmental Ethics and Campaign Financing Ordinances held for City departments and offices as requested;
- ✎ two (2) classes offered through the Department of Personnel's Consulting and Training Division;
- ✎ semi-annual presentations at the intergovernmental executive development program; and
- ✎ quarterly presentations to hundreds of newly hired City employees at new employee orientation sessions.

#### Publications

As part of its educational program, the Board publishes and distributes a variety of publications summarizing aspects of the Ordinances of particular concern, including campaign financing, lobbying, and a guide for aldermen. This reporting year, the Board introduced two new pocket-sized publications, entitled ETHICS IN CITY GOVERNMENT: CITY COUNCIL MEMBERS-A PRACTICAL GUIDE, and ETHICS IN CITY GOVERNMENT: EMPLOYEES-A PRACTICAL GUIDE. The Board distributed over 10,000 copies of the ninth edition of *THE CITY ETHICS UPDATE*, its newsletter. All of these publications are available upon request.

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# The Reporting Year in Review

## Section III

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### D. Advice and Guidance

Much of the Board's daily work involves responding to requests for information or guidance from City employees and officials, the press, the public, and individuals from other governmental entities. These requests arrive by telephone, fax, email, letter or in person. Depending on the nature of the request, it is classified as either an "inquiry" or a "case."

#### 1 Inquiries and Casework

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##### Explanations and Statistical Summaries

**Inquiries** If a person asks the Board a question but does not request a written response, the Board handles the matter as an inquiry. This past reporting year, the Board handled nearly 1,200 inquiries from individuals seeking general information or professional advice. They included City employees, officials, the public, the press and representatives from over 30 non-City government or municipal agencies. Most persons asked whether and how the Ordinances applied to specific situations. Board staff provided general information or advice, or where appropriate, specific guidance based on previously rendered written Board advisory opinions. The Board handles all inquiries in accordance with the confidentiality provisions of the Governmental Ethics and Campaign Financing Ordinances.

**Casework** When persons request written Board advice or opinions, raise complex legal issues the Board has not addressed, or file complaints, the Board, as appropriate, will render written opinions or handle complaints by either dismissing them for failure to meet legal requirements or conducting investigations and issuing reports containing its determinations and recommendations. These matters constitute the Board's casework. Written Board opinions can be relied upon by those involved in the specific situations described, or in materially indistinguishable situations. Opinions are used by staff in handling related inquiries.

All advisory opinions, complaints filed with the Board, and Board investigations and recommendations are confidential in accordance with the provisions of the Governmental Ethics and Campaign Financing Ordinances.

This past reporting year, the Board approved or issued written advice in 15 cases, and issued 56 reports containing determinations or recommendations resulting from concluded investigations. See Section III.E.5, on pages 20-21, for more information on complaints and Board investigations.

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# The Reporting Year in Review

## Section III

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TABLE I. SUBJECT MATTER OF INQUIRIES AND CASES

Table I shows the subject matter of both inquiries received and cases resolved by the Board during the past reporting year.

SUBJECT MATTER	INQUIRIES RECEIVED	CASES RESOLVED*
Financial Interest Disclosure	275	10
Lobbyist Activity/Disclosure	227	0
Gifts/Travel/Honoraria	105	1
No Jurisdiction †	79	14
Other ‡	77	0
Freedom of Information †	66	0
Campaign Financing	58	38
Outside Employment	56	5
Fiduciary Duty	40	1
Interest in City Business	35	3
Conflict of Interest/Improper Influence	34	2
General Information	34	0
Post-Employment	26	2
Employment of Relatives	23	5
Classes/Education †	23	0
City Property	15	0
Political Activity	13	6
Representation	10	0
Money for Advice	1	0
Confidential Information	1	0

\* Note that these figures include all cases in which written advice or opinions were issued, as well as requests for written advice that were withdrawn and complaints referred to other agencies or dismissed before investigations were commenced or concluded (a total of 16), and cases in which the Board issued written opinions or reports resulting from concluded investigations. See Table V, on page 21, for more information on complaints received and investigations commenced and concluded during the reporting year.

† Where possible the Board refers the person seeking advice or wishing to file a complaint to other City, governmental, or private agencies for further assistance.

‡ In previous reporting years, these categories were included in General Information.

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# The Reporting Year in Review

## Section III

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TABLE II. COMPARISON WITH THE PREVIOUS TWO REPORTING YEARS

Table II, below, shows the number of inquiries received and cases resolved for each topic during the reporting years that ended July 31, 1998 and July 31, 1999.

SUBJECT MATTER <i>Year Ended</i>	INQUIRIES RECEIVED		CASES RESOLVED	
	<i>1998</i>	<i>1999</i>	<i>1998</i>	<i>1999</i>
Financial Interest Disclosure	597	795	21	49
Lobbying Activity/Disclosure	159	111	3	1
Gifts/Travel/Honoraria	146	121	9	9
No Jurisdiction	58	54	11	11
Outside Employment	81	62	10	11
Campaign Financing	88	173	15	21
Fiduciary Duty	13	4	0	1
Conflict of Interest/Improper Influence	35	50	4	1
Interest in City Business	37	27	4	4
General Information	203	73	0	0
Employment of Relatives	52	29	5	7
Post-Employment	66	49	6	11
City Property	15	11	1	3
Political Activity	12	26	0	2
Representation	15	4	4	1
Money for Advice	5	4	0	0
Confidential Information	3	1	0	0

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## 2 Summaries of Cases and Inquiries

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The following summaries of inquiries and opinions are included for general education purposes only. They are based on actual inquiries received and Board opinions rendered. The only persons who may rely on Board opinions are those involved in the specific situations described, or in materially indistinguishable situations. Anyone with questions about a specific situation is urged to contact the Board for personal guidance. The Board may render advisory opinions when requested in writing by officials or employees or any persons directly and personally involved. Board opinions concern only the application of the Ethics and Campaign Financing Ordinances to the facts presented in the opinion, and do not include analysis of other rules or laws that may apply.

The Board handles all inquiries in accordance with the confidentiality requirements of the Ethics and Campaign Financing Ordinances. Copies of Board opinions, with identifying and other confidential information removed, are available upon request.

To the extent these summaries differ from the language of Board opinions, the language in the opinions controls.

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# The Reporting Year in Review

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## Section III

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### Improper Influence & Conflicts of Interest/ Appearance of Impropriety

The Code of Conduct prohibits a City employee or official from making, participating in the making of, or in any way attempting to use his or her City position to influence any City governmental decisions or actions in which, or with respect to any matter in which, he or she has, knows, or has reason to know that he or she has an economic interest distinguishable from that of the general public.

**Situation 1:** A City official sits as a member of a City hearing Board. During the course of a hearing conducted before that agency, the official examines a witness. A vote is then taken at the end of the hearing, resulting in a decision by the Board. The official recuses himself from the vote. Has the official "participated in" or made a governmental decision for purposes of these provisions?

**Resolution:** Black's Law Dictionary defines "examination" of a witness as "the series of questions put to him by a part to the action, or his counsel, for the purposes of bringing before the court ... the knowledge which the witness has of the facts and matters in dispute, or of probing and sifting his evidence previously given." Because of the critical function that examining witnesses fulfills in resolving matters before hearing bodies, this official has, by examining a witness during the course of a hearing, in his capacity as a member of the agency conducting the hearing, participated in a governmental decision for purposes of the Ordinance, even though he recused himself from the final vote. Thus, this official would be in violation of the Ordinance if he had an economic interest distinguishable from that of the general public in the matter decided or in the decision itself.

**Situation 2:** The same City official sits as the Chair of a City hearing Board, and presides over a hearing conducted before the Board but examines no witnesses during the hearing. A vote is then taken at the end of the hearing, resulting in a decision by the Board. The official recuses himself from the vote. Has the official "participated in" or made a governmental decision for purposes of these provisions?

**Resolution:** Black's Law Dictionary defines "preside" as "occupy[ing] the place of authority as president, chairman, moderator, etc.; direct[ing], control[ling], or regulat[ing] proceedings as chief officer, moderator, etc.; possess[ing] or exercis[ing] authority ..." Because of the authority and ability to control or direct inherent in the position of one who presides over a hearing, this official has, by presiding over the hearing, participated in a governmental decision for purposes of the Ordinance, even though he has examined no witnesses and recused himself from the final vote. Thus, this official would be in violation of the Ordinance if he had an economic interest distinguishable from that of the general public in the matter decided or in the decision itself.

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# The Reporting Year in Review

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### Post-Employment Restrictions

The Code of Conduct does not prohibit persons leaving City service from working for any particular new employer. But it does restrict those matters on which they may work for a new employer. Two of the key restrictions are:

☞ For one year after termination of City employment or term of office, former employees and officials shall not assist or represent any person in a business transaction involving the City if they participated personally and substantially in the subject matter of the transaction during City employment.

☞ Former employees and officials are barred permanently from assisting or representing any person as to a contract involving the City or any of its agencies if they exercised contract management authority with respect to that contract during City employment (see “Employment of Relatives” below for a summary of what “contract management authority” means).

Situation 1: After eight years of City employment, a City employee is considering leaving City service to accept a full-time position in the private sector. She asks whether the Ordinance's "one year" post-employment prohibition would restrict her from assisting or representing her potential private sector employer in *any* transaction involving the City in whose subject matter she participated personally and substantially during her City service—even a transaction from six years ago—or whether the prohibition applies only to recent such transactions.

Resolution: The Ordinance's "one year" prohibition *would* restrict her from assisting or representing her potential new employer in any business transaction involving the City, *provided that*, at *any* time during her City service (even at the beginning of her service), she participated personally and substantially in the subject matter of that transaction.

Situation 2: A former City employee has accepted a full-time position in the private sector. The Board concludes that he is prohibited for one year from assisting or representing any person (including his new employer) in certain business transactions involving the City, and permanently with respect to certain City contracts. He asks whether, under the Ordinance, his new employer would also thereby be subject to these same prohibitions on these transactions and contracts.

Resolution: The Ordinance's post-employment restrictions prohibit only former City employees or officials from assisting or representing other persons in certain business transactions, proceedings or contracts. Therefore, this employee's new firm may work on transactions, contracts or other matters in which he is personally prohibited from assisted or representing any person, provided he does not assist his firm or its employees in these matters.

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# The Reporting Year in Review

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### Campaign Financing

Chicago's Campaign Financing Ordinance limits to \$1,500 the amount of contributions that certain persons or business entities may make to: 1) candidates for elected City office during a single candidacy; 2) elected City officials during a "reporting year" (July 1 through June 30); and 3) City officials or employees seeking election to any other office. The Ordinance also prohibits any person from making a cash contribution to any candidate in an amount exceeding \$250.

**Situation 1:** A contributor says she is confused as to why "cash contributions" are limited to \$250 while other provisions of the Ordinance limit certain persons to contributions of \$1,500 during reporting years. She says that, in her business, personal checks are considered to be "cash."

**Resolution:** For purposes of the City's Campaign Financing Ordinance, personal checks are not considered to be "cash." Thus, campaign contributions made by personal check are not subject to the provision limiting cash contributions to \$250 or less.

**Situation 2:** A company that does business with the City makes a \$1,500 campaign contribution to an elected official in January. It asks whether it must wait until July 1 of that same calendar year to make another contribution to this same official.

**Resolution:** Yes, the company must wait until July 1 before making any more campaign contributions to this elected official. Because the company does business with the City, it is prohibited from making campaign contributions to this official totaling more than \$1,500 in "any reporting year of the official's term." A reporting year runs from July 1 through June 30. This company has already contributed to this official the maximum amount allowable for the reporting year and thus must wait until the next reporting year (which begins on July 1) to make additional contributions to the official in any amount.

### Employment of Relatives

The Code of Conduct provides that City employees shall not "employ" or advocate the employment of any "relative" of theirs in a City agency in which they serve or exercise authority. The Ordinance also prohibits employees from exercising "contract management authority" where any "relative" of theirs is employed by or has contracts with the persons over whose City work they have or exercise contract management authority, and from using their positions to assist a "relative" in gaining employment or contracts with these persons.

**Situation:** A City employee learns that he is distantly related to the owner of a company that has bid on a City contract with his department. The employee's great-grandmother and the owner's grandfather were brother and sister. The employee

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# The Reporting Year in Review

## Section III

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asks whether, under the Ordinance, he can serve on the committee that will recommend which company to award the contract to and negotiate the terms of the contract if it's awarded to this company.

**Resolution:** The Ordinance defines "contract management authority" as personal involvement in or direct supervisory responsibility for the formulation or execution of a City contract. Thus, this employee would be exercising contract management authority over the contract by serving on the committee and negotiating the contract, and would be prohibited from exercising that authority over this company if its owner is his "relative" (because the company employs and has contracts with the owner). The owner of this company, it turns out, is his second cousin once removed. Because this relationship is not included in the Ordinance's definition of "relative," the employee is not prohibited from serving and voting on the selection committee or from otherwise exercising contract management over the contract if it is awarded to this company.

### Interest in City Business

The Code of Conduct prohibits City employees and elected officials from having a "financial interest" in their own or another's name in any contract, work, or business of the City or in the sale of any article, if the contract, work, business or sale is paid with funds belonging to or administered by the City. The Ordinance defines "financial interest" as any interest (i) as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500 per year; (ii) with a cost or present value of \$5,000 or more; or (iii) that represents more than 10% of a corporation, partnership, enterprise or any other legal entity organized for profit. The Ordinance also provides that no City employee or official shall have a financial interest in the purchase of any property belonging to the City unless sold pursuant to a process of competitive bidding following public notice.

**Situation 1:** A City employee asks whether, under the Ordinance, he would have a prohibited financial interest in City business if he purchases a City-owned vacant lot next to his house, pursuant to a City-sponsored program. The value of the lot is, and its purchase price will be, well over \$5,000 (though, under the program, the property may be purchased for less than its market value). Under the program, City-owned vacant lots may be purchased only by the owner-occupants of adjacent properties, and the lots in question must be zoned residential. Upon receipt of a bid, the City notifies all other owners of adjacent properties, informing them of the bid (without disclosing the amount), and providing them with an opportunity to submit a sealed bid for the property. All bids are then opened at a public meeting. The high bid is awarded upon City Council's approval.

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# The Reporting Year in Review

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**Resolution:** These procedures constitute "a process of competitive bidding following public notice" because the City sends notice to all adjacent property owners (the only persons qualified to bid) informing them of their own right to bid on the property, and awards the property to the high bidder. Thus, under the Ordinance, this City employee's bid for and purchase of the property through the City-sponsored program does not constitute a prohibited financial interest in City business.

**Situation 2:** A City employee asks whether, under the Ordinance, she can apply to a City department to participate in a real estate lending program (so that she can rehabilitate a dilapidated single family residential property located in the City), and, if she qualifies and her application is approved, she can receive credits and reductions in interest rates that would total more than \$15,000. The program as adopted by City Council does not include a provision excepting qualified City employees from the restrictions contained in the interest in City business provision of the Governmental Ethics Ordinance.

**Resolution:** The Ordinance does not prohibit her from applying to this program. However, because the program is administered by a City department, the interest in City business provision of the Ordinance limits to less than \$5,000 the amount of monetary value that she, as a City employee, may receive through the program in credits and interest rate reductions. If, however, the program as adopted by City Council did include a provision excepting qualified City employees from the restrictions contained in the Governmental Ethics Ordinance, then her participation in the program would not have been limited by the interest in City business provision to less than \$5,000 in value.

### Financial Interest Disclosure

Article 2 of the Governmental Ethics Ordinance requires City employees who are compensated for services per year at or above a certain rate (in 1999, the rate was \$57,400; in 2000, the rate was \$59,500), or who occupy a City position budgeted for compensation per year at or above that rate, and certain City officials to file a Statement of Financial Interests every year. On their Statements, they must disclose information about their outside business interests and sources of income in the current and prior calendar years, among other things.

**Situation:** An individual joins the City as an employee in November 1999 at an annual salary of \$66,000. She files her 1999 Statement of Financial Interests her first day of work. In March 2000, because her annual salary is, of course, still above \$59,500, she receives by mail a 2000 Statement of Financial Interests from the Board of Ethics with a notice explaining that she must file it by May 2000. She asks whether she must file the 2000 form, explaining that nothing in her finances has changed and her answers would still be the same as they were on the form she filed in November 1999.

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# The Reporting Year in Review

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Resolution: The Ordinance requires that each employee compensated for services per year at or above the specified rate and each employee occupying a City position budgeted for compensation per year at or above that rate must file a Statement of Financial Interests by May of each year, unless they have already filed a Statement in that same calendar year. Because this employee's prior form was filed in the previous calendar year—1999—she is required to file the 2000 form, even if nothing in her finances has changed.

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# The Reporting Year in Review

## Section III

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### E. Regulation And Enforcement

#### 1 Statements of Financial Interests

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Certain City employees and officials are required to file Statements of Financial Interests with the Board of Ethics each spring, in accordance with Article 2 of the Ethics Ordinance. The Board distributes, collects, and reviews these Statements for compliance with the Governmental Ethics Ordinance.

During calendar year 2000, over 7,000 City employees and officials were required to file Statements of Financial Interests. The vast majority of these individuals were required to file with the Board by May 1, 2000, or pay a \$20 late filing fee. Their failure to file by May 31 would place them in violation of the Ordinance. During this time period, the Board collected \$3,660 in late filing fees.

The Board initiates appropriate action when violations by employees and officials of the filing requirements are indicated. As of July 31, 2000, there remained nine (9) individuals required to file Statements of Financial Interests who had not done so.

**Enforcement note:** In July 1999 (during the previous reporting year), the Board, after conducting investigations, determined that nine (9) City employees had violated the Governmental Ethics Ordinance for failure to timely file their Statements of Financial Interests during calendar year 1999. As provided by Ordinance, the Board issued final Reports and Recommendations to each of these employees' department heads, informing them of the violations and requesting appropriate employment sanctions. The departments informed the Board that internal investigations had been initiated, and that a notice of their violations had been placed in each of the employees' personnel files.

In accordance with state law and City Ordinance, Statements of Financial Interests filed with the Board are available for public review and inspection, upon written request. Pursuant to state law, the Board maintains these for seven years following the date of the filing.

#### 2 Aldermanic Disclosures

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The Conflicts of Interest/Appearance of Impropriety provision of the Governmental Ethics Ordinance requires aldermen to make disclosures to the Board of Ethics with respect to certain matters pending before the Council or council committees. In accordance with the law, the Board reviews, maintains and makes these disclosures available for public inspection and copying upon request. In the reporting year ended July 31, 2000, the Board received forty-eight (48) such disclosures, covering over one hundred (100) separate pending matters or items. The Board also regularly reviews Council records and other documents to ensure that all City elected officials have indeed complied with the limitations imposed by law.

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# The Reporting Year in Review

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### 3 Campaign Financing

The City's Campaign Financing Ordinance limits the amount of money that certain individuals, business entities or others may contribute during specified periods to candidates for elected City office, elected City officials, and City employees and officials seeking election to any public office.

The Board monitors contributors' compliance with these limitations by reviewing campaign financing disclosure reports that elected City officials and candidates for elected City office file with the County Clerk's office in compliance with state law, and comparing these disclosures with City contract records and matters referred to City Council Committees and to full Council. In this reporting year, the Board reviewed over 100 disclosure reports and hundreds of City Council and committee matters, and initiated fifty-four (54) preliminary inquiries into possible violations by campaign contributors. Of these 54 matters, thirty-eight (38) resulted in investigations commenced by the Board, and of these 38, corrective action was effected in twenty-eight (28) instances; in the remaining ten (10) matters, the investigation resulted in a determination that the Ordinance had not been violated.

### 4 Lobbyist Registration and Activity

The Board of Ethics regulates certain persons who lobby City government. Article 3 of the Ethics Ordinance—which was amended in the spring of 2000—requires all "lobbyists" to register with the Board each January 20, and file reports about their lobbying activities with the Board each January 20 and July 20.

In these filings, lobbyists are required to disclose information about their activities. This includes identifying their lobbying clients, their lobbying-related compensation and expenditures, which City agencies they lobby, which legislative and administrative actions are the focus of their lobbying activity, and itemized lists of every gift they have given to City officials and employees.

In accordance with state law and the Governmental Ethics Ordinance, all lobbyists' filings are available for public inspection and duplication. The Board of Ethics maintains all lobbyists' filings for seven years following the date of filing.

#### Number of lobbyists registered

In January 2000, 173 lobbyists filed registration documents with the Board. At the July 20, 2000 reporting deadline—approximately 1 month after the amendments to the Governmental Ethics Ordinance took effect—the number of lobbyists registered with the Board increased by 47%: to 254.

**The Board of Ethics redesigned all of the lobbyist forms in the Spring of 2000, and these forms were first used for the semi-annual lobbyist reporting period that ended in July 2000.**

# The Reporting Year in Review

## Section III

The lobbyist filings show that the majority of registered lobbyists are law firms, public relations firms, and employees of companies or organizations who lobby on behalf of their employers.

### For more information

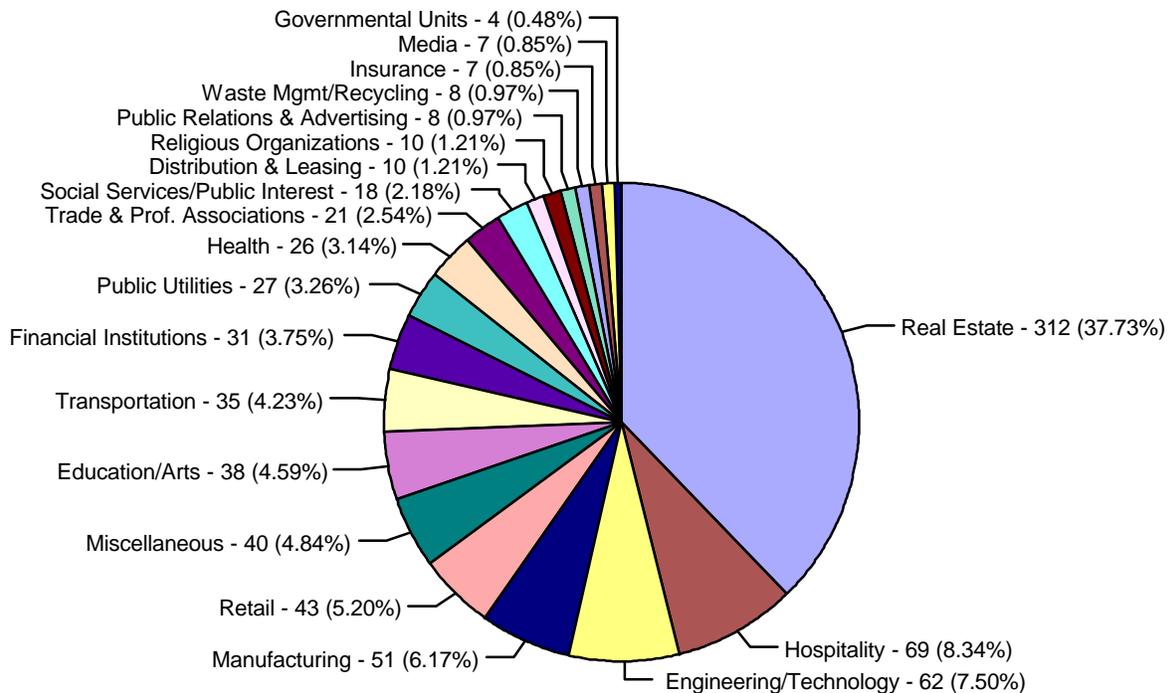
The Board maintains a current list of registered lobbyists and their clients on its Website. The list is updated regularly. Also, twice each year, the Board compiles lists of currently registered lobbyists and their clients. To assist City employees and officials, the Board forwards hard copies of these lists to those employees and officials most likely to be lobbied, and sends to each department a list of those lobbyists (and their clients) who have indicated lobbying activity before the department. The Board also makes these lists available to the public. To request a copy, or to receive these materials regularly, please call the Board at 312-744-9660.

### Who hired lobbyists?

The Ethics Ordinance requires registered lobbyists to disclose the name and business interests of all clients on whose behalf they lobbied during the six months prior to filing their semi-annual activity reports.

TABLE III. BUSINESS INTERESTS OF CLIENTS REPRESENTED BY LOBBYISTS

The following chart shows the number of clients, by the clients' business interests, who were represented by lobbyists during calendar year 1999.



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# The Reporting Year in Review

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### Which City agencies are lobbied?

Registered lobbyists must list the City agencies they lobbied on behalf of their clients during the six months prior to filing their semi-annual activity reports. Filings show that, for the twelve-month period ended June 30, 2000, the City agencies lobbied the most were the City Council, the Department of Planning & Development, the Department of Zoning, and the Mayor's Office.

TABLE IV - LOBBYISTS AND THEIR CLIENTS, BY CITY AGENCY

The following table shows, for both the last six months of 1999 ("1st period") and first six months of 2000 ("2nd period") the number of lobbyists who reported activity before the 12 City agencies and departments that were the subject of the most lobbying activity. The table also indicates the number of clients these lobbyists represented before those agencies and departments in each period.

CITY AGENCY	NUMBER OF LOBBYISTS REPORTING ACTIVITY		NUMBER OF CLIENTS THEY REPRESENTED	
	<u>1st Period</u>	<u>2nd Period</u>	<u>1st Period</u>	<u>2nd Period</u>
City Council/Committees	34	46	201	245
Planning & Development	25	36	191	214
Mayor's Office	23	27	69	70
Transportation	17	26	58	53
Zoning	14	20	61	127
Revenue	17	16	42	27
Buildings	14	19	37	31
Aviation	11	19	39	43
Law	12	16	53	64
Environment	10	16	17	15
Streets & Sanitation	7	12	9	12
Plan Commission	8	6	42	31

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## 5 Investigations of Alleged Violations

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The Board has the power and duty to receive complaints and investigate alleged violations of the Ordinances, and may issue subpoenas in the course of its investigations. The Board also is responsible for recommending or imposing appropriate sanctions, penalties or corrective action if it determines that a violation has occurred.

# The Reporting Year in Review

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During the 1999-2000 reporting year, the Board received nineteen (19) formal complaints alleging violations of the Ordinances. The Board reviewed all of them to determine if there was reasonable cause, as required by the Governmental Ethics Ordinance, for the Board to open an investigation into the allegations. Fourteen (14) of these complaints were withdrawn or dismissed before an investigation was opened. In the remaining five (5), the Board opened an investigation. Of these 5 investigations, three (3) were concluded during the 1999-2000 reporting year. Additionally, the Board concluded five (5) investigations that had been commenced in a prior year, for a total of eight (8) investigations concluded during the reporting year. (See Table V for more information.)

The Board also concluded ten (10) investigations it had initiated in the previous reporting year against City employees and officials who had failed to file Statements of Financial Interests by the times prescribed by law. (See Part III.E.1, page 17, above, for more information.)

Additionally, the Board monitors certain public disclosure documents filed with it, including Statements of Financial Interests and Aldermanic disclosures. If, based on this review, the Board has reasonable cause to believe that a person subject to the Ordinances may have violated the law, it will conduct an investigation to assure compliance and that appropriate action is taken. This year, the Board made fourteen (14) preliminary inquiries based on the contents of these filings, but no investigations were commenced as a result of these inquiries.

All Board complaints, investigations, reports and recommendations are subject to the confidentiality requirements of the Ordinances.

**TABLE V. SUBJECT MATTER OF COMPLAINTS AND INVESTIGATIONS**

Table V shows the subject matter of complaints received, preliminary inquiries made by the Board, and investigations commenced or concluded during the past reporting year.

SUBJECT MATTER	FORMAL COMPLAINTS RECEIVED	PRELIMINARY INQUIRIES CONDUCTED	INVESTIGATIONS COMMENCED	INVESTIGATIONS CONCLUDED
Conflict of Interest	1	0	1	1
Prohibited Conduct	1	0	1	0
Post-Employment	1	0	1	1
Financial Interest Disclosure	0	14	10	10*
Campaign Financing	0	54	38	38
Employment of Relatives	1	0	1	1
City Property	1	0	1	0
Political Activity	0	0	0	5*
No Jurisdiction	14	0	0	0
<b>TOTALS</b>	<b>19</b>	<b>68</b>	<b>53</b>	<b>56</b>

\* These fifteen investigations had been initiated in a prior reporting year.

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# The Reporting Year in Review

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### F. Public Document Examination

Pursuant to state law and the Governmental Ethics Ordinance, Statements of Financial Interests, aldermanic disclosures, advisory opinions and lobbyist filings maintained by the Board of Ethics are available for public examination and duplication.

During the 1999-2000 reporting year, the Board received sixteen (16) requests to examine sixty (60) Statements of Financial Interests, four (4) requests to examine aldermanic disclosures, and five (5) requests to examine five (5) separate lobbyists' filings. All of these requests were granted.

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## For More Information

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Staff members of the Board of Ethics are available to handle your requests for information or answer your inquiries about the Board, or about the requirements of the City's Governmental Ethics or Campaign Financing Ordinances. To reach us, you can call 312-744-9660 (TT/TDD 312-744-5996), send us a FAX at 312-744-2793, or an email at [feedback@ci.chi.il.us](mailto:feedback@ci.chi.il.us).

To obtain an advisory opinion or guidance about a specific situation, or to file a complaint, please contact **Dorothy J. Eng, Executive Director**, or write or stop in to the Board's office:

**CITY OF CHICAGO BOARD OF ETHICS**  
**740 North Sedgwick, Suite 500**  
**Chicago, Illinois 60610**

Also, please visit our Website: [www.ci.chi.il.us/Ethics](http://www.ci.chi.il.us/Ethics)

Complete texts of the Governmental Ethics and Campaign Financing Ordinances, profiles of Board members, the current list of registered lobbyists and their clients, blank downloadable copies of all forms required to be filed with the Board, frequently asked questions ("FAQ's") relating to a topic of the month and other helpful information are available there.